

CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
 THE APPRAISAL OF CONTENT IS TENTATIVE.  
 (FOR KEY SEE REVERSE)

1. Foreign Trade Corporations.

- a. Satellite foreign-trade corporations are regularly exchanging current reports of their transactions on the "capitalistic market," in particular the sales and purchase prices on these markets.
- b. On 20 January 1954 Centrókomise, Czech foreign-trade corporation for foodstuffs, sent Monimpex, Hungarian foreign-trade corporation for wine, tobacco, and foodstuffs, its periodic monthly report on beer and wine sales and purchases for December 1953. At the same time, Centrókomise complained that it had not been receiving regularly Monimpex's current reports.
- c. In February and March 1954, Monimpex was in frequent contact with the Deutscher Innen-und Aussenhandel - Nahrung, the East German foreign-trade corporation for foodstuffs:

- (1) On 24 February Monimpex informed the German corporation that it had bought a quantity of "Semillon" wine, 1952 crop
- (2) On 26 February Monimpex criticized the German corporation for having sold China tea at a price lower than the current world market price. The Hungarian corporation complained that the German corporation had refused its requests for tea several times, stating that its stocks were sufficient only for local demands. Monimpex emphasized that "our corporation can only be of practical value if we can thereby create better sales possibilities and be in a position to take advantage of the fluctuations of the capitalistic market."
- (3) On 5 March 1954 Monimpex sent the figures on its purchases of tobacco in January and February of 1954 to the German corporation.

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## 2. Special Committees.

a. The present unsatisfactory state of economic cooperation between Communist countries has led to the creation in April 1954 of special committees to deal with such matters. The following committees were established in Hungary:

- (1) The Committee for Economic Cooperation (Gazdasági Egyttműködési Bizottság) is the top-level committee which formulates Hungarian policy in the matter and keeps close contact with the corresponding cooperation committee of the other Communist countries. It is headed by Ernő Gerő, Deputy Prime Minister. The committee consists of one representative from each ministry, the National Planning Office (Országos Tervhivatal), and the economic department of the Communist Party. The ministerial representative is either the minister, his deputy, or another high official specifically appointed. István Friss, who was born in Nagyvárad (Oradea Mare, Rumania), is believed to be the Party representative on this committee.<sup>1</sup>
- (2) An Inter-Departmental Committee for Economic Cooperation (Gazdasági Egyttműködési Tárcaközi Bizottság) is formed in each ministry under the chairmanship of the minister, his deputy, or another high official specifically designated by the minister. These committees consist of, in addition to the chairman, a representative of the National Planning Office from the particular department concerned, and two more members.
- (3) The Professional Committees for Economic Cooperation (Gazdasági Egyttműködési Szakmai Bizottság) consists of the department chief of the ministry of the specific branch of industry, a representative of the Ministry of Foreign Trade, a representative of the National Planning Office, and a technical expert as the representative of the specific branch of industry.

b. Committee meetings are held in utmost secrecy, no secretary attends the meetings, and the committee members make minutes of the proceedings after the meeting. There is at least one professional committee of a certain branch of light industry which calls its meetings by oral notification only.

c. As a matter of course all committee members are chosen from among the most trusted Party members, except for those outstanding experts who, while not Party members, are needed and appointed to the professional committees.

d. At one meeting of a professional committee, the chairman revealed that the new Five-Year Plan, scheduled to be put into operation in 1956 by all Communist countries, will be based on the experience and accomplishments of the committees for economic cooperation up to that time. The chairman also disclosed that one task of the committees is to work out and implement plans for supplying goods to border regions by the adjacent friendly country (and vice versa) in those cases when the supplying country has reached a higher level of industrialization than the receiving country.

## 3. Committee for Economic Cooperation in the Food Industry.

a. One of the ministerial committees which the higher economic bodies have established is the Committee for Economic Cooperation in the Food Industry (Élelmiszeripari Egyttműködési Bizottság). This committee has, in turn, established several professional committees, each for a different branch of the food industry.

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- b. The Professional Committee for the Beer Industry (Söripari Szakbizottság), under the chairmanship of Jenő Balogh, has already held three meetings. At its third meeting, which took place in early May 1954, the committee drew up a series of proposals to submit to the planning department of the Ministry of Food Industry. The proposals deal with the present production capacity of the local beer industry against the increasing demand for beer. It is proposed to offset this increasing demand by close economic cooperation with neighboring Communist countries and by additional investments in the local beer industry.

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